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CENTRAL INTELLIGENCE AGENCY  
OFFICE OF CURRENT INTELLIGENCE

49159

DAILY DIGEST

APR 18 1951

Date: \_\_\_\_\_

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  2. Comments represent the preliminary views of the Office of Current Intelligence.
  3. Marginal letter indications are defined as follows:
    - "A" - items indicating Soviet-Communist intentions or capabilities
    - "B" - important regional developments not necessarily related to Soviet/Communist intentions or capabilities
    - "C" - other information indicating trends and potential developments

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SECTION 1 (SOVIET)

- "B" USSR. Announcement of Fourth Five-Year Plan Completion. According to an AP dispatch the successful completion of the latest Five-Year Plan, in four years and three months, was announced Monday, 16 April 51 by Moscow Radio. While success was not claimed in every field of production, "the most important tasks of the plan have been considerably exceeded." The production of ferrous metals on the whole went up 45% instead of the target figure of 35%; oil production was listed as 22% above the prewar figure and exceeded set goal; coal production had beaten the five year target, going up 57% over the prewar figures; electric power production was reported 87% above the 1940 figure, beating the goal set, and reconstruction of hydroelectric plants destroyed during the war was completed. No figures were given for non-ferrous metals and, significantly, the announcement did claim their production targets had been reached. (U NYT, 17 Apr 51). COMMENT: The claimed production figures are in line with Bulganin's speech of November 1950, which gave the figures for the first ten months of 1950 using 1940 as a base. The announcement now clears the way for the introduction of the next FYP (the Fifth) which might possibly be discussed at a Supreme Soviet session, as yet unannounced, during the summer. The claim that the FYP was completed nine months early probably refers to a Malenkov election speech of March 1950, in which he claimed that the planned rate of production had been reached. This, however, did not refer to actual production.
- "C" EASTERN EUROPE. FINLAND. Soviet Propaganda Accuses Finns of Recruiting Korean Volunteers. Recent Soviet propaganda has accused "certain pro-American Finnish politicians" of directing a nationwide recruitment of volunteers to fight for the West in Korea at the instigation of the US. Allegedly 20 Finns have already left Helsinki for Korea. It is further charged that the Finnish Security Police, though aware of this activity, have not taken any steps to prevent it. (R FBIS, 17 Apr 51). COMMENT: While this particular propaganda attack might be a forerunner of a Soviet recruitment campaign for North Korean "volunteers" in Eastern Europe, it is more likely that these charges are a part of the continuous propaganda allegations that the USSR makes against Finland.
- "B" YUGOSLAVIA. Conditions in Macedonia Relatively Stable. US Embassy Belgrade does not believe that Macedonia should be considered a weak point in Yugoslav determination to resist Bulgarian threats and does not anticipate serious internal trouble for the regime there, either within or outside the Communist Party. The Embassy is of this opinion despite a recent report from the British Consul in Skoplje that four former officials of the Peoples Republic of Macedonia were arrested in December and January. The Embassy points out that none of the four was influential in the Macedonian Communist Party and their arrest appears to have no great significance. The Embassy reports that its sources of information, including US food

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observers, newspaper correspondents, and the British Consul in Skoplje, agree that the Macedonian populace is relatively satisfied with conditions and that there is little pro-Bulgar sentiment among Yugoslav Macedonians. Many qualified observers are of the opinion that, as a result of the cultural and political autonomy which the regime has granted, Macedonians in Yugoslavia today are more contented with their political and cultural situation than they have ever been. (C Belgrade Despatch 701, 21 Mar 51).

COMMENT: While the Embassy's estimate of conditions in Macedonia may be somewhat optimistic, it is noteworthy that, unlike Croatia and Serbia, there have been almost no reports in recent months of resistance to the regime in Macedonia. Since the arrival of the US food observer in Macedonia, the British Consul in Skoplje has spent much of his time traveling with the American and acting as his interpreter. In this capacity the Consul has had a greater opportunity than previously to move about the area and observe conditions firsthand.

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SECTION 2 (EASTERN)

- "C" TURKEY. Turkish Concern Over Iranian Developments. On 11 April, the Turkish Secretary General of Foreign Affairs handed a note to the US Embassy, summarizing the Turkish view of the Iranian situation. The Turks regard the Iranian problem as one which is of immediate importance to their country. Turkey fears Soviet encroachment on Iran and considers that the lack of coordination in the policies of the US and the UK, and the inadequate nature of each, has facilitated the task of the USSR. The Turks believe that the present Iranian government should be bolstered by financial and military assistance. They consider that nationalization of Iranian oil has become a symbol of national sovereignty, and that any government which would reconsider or evade nationalization would condemn itself to public hate and would play the game of Moscow. However, the Turks think that a modus vivendi with the Anglo-Iranian Oil Company can be worked out, and they suggest that an effort be made to keep ahead of the Oil Commission in its study of methods of implementing nationalization. (C Ankara 642, 12 Apr 51). COMMENT: This note reflects the attitude previously taken by the Turkish press. Believing that a collective security agreement among the Western Powers is the best method of containing Soviet expansion, Turkey has always been concerned over any divergence in US and UK policies. Moreover, Turkey, which has in the past pressed for more aid to Iran, was probably not unaware of this opportunity to advocate additional assistance to the Near East.
- "B" IRAN. Prime Minister Ala Receives Vote of Confidence. US Embassy Tehran reports that on 17 April Prime Minister Hussein Ala received a vote of confidence (77 to 1) from Parliament's lower house. Members of the National Front abstained and the one opposing vote was from Qavam's supporter, Ashtianzadeh, who has consistently opposed Ala's government. Prior to receiving the vote, Ala informed the US Ambassador that the situation was improving and that if confirmed by the Majlis he would then begin to take strong measures to suppress the increasingly open activities of the pro-Soviet Tudeh Party. Ala also expressed his concern over UK actions in the present crisis; he stated that the Shah felt that the UK was not only undermining the present government but the Shah as well. In this connection Ala expressed a strong belief that no UK frigates should be sent to Abadan. (S Tehran 2450, 17 Apr 51). COMMENT: The vote of confidence given Ala by the lower house of Parliament should strengthen further the stability of the government. However, Ala's confidence concerning an improvement in the situation is not echoed by other reports from Iran which state that the situation is worsening. Despite the imposition of martial law, the appeals of various political leaders, including National Front member Mullah Kashani, and the reported agreement of many of the strikers to return to work, the Abadan refinery is still

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shut down and disturbances reportedly continue at Isfahan. Furthermore Iranian resentment against the British will undoubtedly increase if, as reportedly planned, the UK sends HMS FLAMINGO "slowly past Abadan" on 21 April.

"C" LEBANON. Preliminary Election Results. The US Legation in Beirut reports that on 15 April the Lebanese national elections took place in comparative quiet with almost 55% of the electorate voting. Nineteen former deputies were defeated for re-election, 37 were returned, and 39 new deputies will sit in the new Chamber. Elections for one seat remain to be run off on 22 April. The Legation states that political alignments are not yet predictable, but it expects a stronger opposition than in the last Chamber. The five Communist candidates were badly defeated, the Phalange and National Bloc made poor showings, but Kamal Jumblat's Socialist Party reportedly gained in strength. (R Beirut 575, 17 Apr 51). COMMENT: Widespread dissatisfaction with the Government among the poorer classes, which some observers felt would result in a Communist show of strength in the elections, may be reflected in the apparent gains by Jumblat and his Druze followers, whose hostility to the former al-Sulh Government has in the past led to occasional outbursts of violence. Possibly explaining the Communists' failure, unconfirmed reports indicate that the candidacy of Mustafa al-Aris, a leading Communist, alienated the anti-Communist labor unions who had previously cooperated with Communist-dominated unions in support of the powerful labor leader, Henri Fir'awn. The relative calm surrounding the elections is somewhat surprising, since the Government had anticipated difficulty in maintaining order.

"B" INDIA. Internal Economic Development Suffers. Mr. L. K. Jha, India's Chief Controller of Imports and Exports, has stated on a personal basis to the US Embassy, New Delhi, that, (1) his Government's policy of maintaining a high level of exports during 1950 has denied to the Indian people commodities much needed for internal consumption and (2) the Indians have been further deprived of important commodities because the effects of rupee devaluation and the rising prices of foreign goods have reduced the quantities of Indian imports to about half of the 1948 level. (C New Delhi 2812, 13 Apr 51). COMMENT: Internal economic development will be delayed as long as India is forced to maximize exports and minimize imports in order to obtain and conserve foreign exchange.

"B" INDONESIA. Joint Cabinet Formers Appointed. Premier-designate Sartono of the Indonesian National Party (PNI) returned his mandate to President Soekarno on 18 April. The President immediately appointed as joint cabinet formers the chairmen of Indonesia's two largest parties--Sukiman of the Masjumi (Moslem) Party and Sidik of the PNI. Shortly before the President's action, Roem, a Masjumi leader, told a US Embassy official that the Masjumi expected to modify its opposition to the PNI in order to avert the latter's possible coalition with leftist groups. (R Djakarta 1451, 18 Apr 51). COMMENT: Previous cabinet discussions between the

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Masjumi and PNI have consumed nearly a month's time but apparently have been successful in swinging the PNI away from many of its leftist policies toward the moderate position held by the Masjumi. Remaining points of disagreement between the two parties appear to be (1) choice of the prime minister and (2) PNI insistence on abrogation of the Netherlands-Indonesian Union and reconsideration of comprehensive agreements negotiated by the Dutch and Indonesians in 1949 when sovereignty was transferred.

"B" PHILIPPINES. Opposition Leader Attacks Government's Pro-US Foreign Policy. Claro Recto, a high Nacionalista Party leader, on 17 April delivered a blistering attack on Philippine foreign policy as being completely and unrealistically subservient to the US. Recto viewed the present international situation as a struggle between two great powers, rather than a conflict between the free world and totalitarianism. He contended that the Philippines should have either guarantees at least equal to those in the NAP or should adopt a neutral position. US Embassy Manila believes Recto's tirade was motivated by: (1) a desire to attack the Quirino regime on a new issue (rather than on corruption and maladministration); (2) possible resentment at his internment by US forces, during the liberation period, for collaboration with the Japanese; and (3) the anti-US attitude of some members of his law firm and his advisers. (C Manila 3249, 18 Apr 51). COMMENT: Recto was Minister of Foreign Affairs in the Japanese puppet government. He has previously deplored the Philippine tendency to rely so completely on US protection and has advocated closer ties with other Asiatic nations. Other Philippine leaders from time to time express similar "neutral" sentiments but such statements have limited appeal.

"A" INDOCHINA. Viet Minh to Attack in Northwest Tonkin. The US Military Attache reports that French forces have reoccupied certain strategic posts in the Tonkin delta area, which had been seized by the Viet Minh two weeks ago, and have repulsed Viet Minh attacks of varying strength in other parts of the delta. Meanwhile, Viet Minh forces in the rugged mountain country some 150 miles to the northwest have been preparing to attack the French-held post of Laichau. The Attache cites a belief held by French officials that this operation is intended as a "face-saving" venture to compensate for the failure of recent Viet Minh attacks in the delta. The Chinese battalion, which entered Indochina above Laichau two weeks ago, is apparently still occupying the post of Phongtho and vicinity, but the Attache sees no indications that a large-scale Chinese invasion is imminent. (S Hanoi 682, 17 Apr 51). COMMENT: The post of Laichau is significant only as the focus of converging trails and as a barrier in the path of a Chinese invasion from Yunnan. It is located in a country of dense forests and 10,000-foot mountain peaks and the area is inhabited by primitive Thai tribesmen of anti-Viet Minh and anti-Chinese sentiment--factors which do not favor a large-scale Chinese Communist invasion. Although the Chinese force at Phongtho has been reliably indentified as Communist, the French

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have interpreted the situation as being only "a little bit more than a frontier affair". The French contention that the predicted Viet Minh action has a face-saving motive is the latest of several different theories calculated to explain unfriendly activity in this area.

"C" CHINA. Security Operations. Recent information brings to 28 the number of US nationals known to be in Chinese Communist prisons. Chungking radio claims the capture of 4000 "bandit leaders, secret agents, local despots, etc.," and the "wiping out" of 18,000 "remnant bandits" in Western Szechuan in the past six months, and the recent "suppression" of 8000 "counter-revolutionaries" in Chengtu alone. Nanking radio announces the arrest of "a batch of counter-revolutionary elements" in Nanking and a traveller from Nanking reports 20 to 40 executions daily in that city for the past month. (S Hong Kong 3002, 13 Apr; R FBIS, 16 Apr 51). COMMENT: The increase of 12 in the figure for US nationals in prison (see OCI Daily Digest, 10 April) represents new information rather than new arrests. Figures for "bandit leaders, secret agents, local despots, etc." belong to the "suppression of counter-revolutionaries" campaign, which is increasing in intensity, while the figures for "remnant bandits" are results of the "bandit-suppression" campaign, which is decreasing. The admission of 8000 recent arrests in Chengtu--a city half the size of Nanking--makes easily credible the report of approximately 1000 recent executions in the latter city.

25X1C

"C" Soviet Troop Movement into Manchuria. [REDACTED] the movement into Manchuria, between 20 and 31 March, of a Soviet mechanized force of 20,000 troops. [REDACTED]

25X1A

25X1C COMMENT: The above is the most recent of a series of reports, largely [REDACTED] of Soviet troop movements into Manchuria in the past three months. None of these reports has yet been confirmed.

"B" KOREA. Disposition of Chinese Communist Troops in Korea. [REDACTED]

25X1C

25X1C the Chinese Communist "8th Army" was ordered in mid-March to maintain positions behind front line troops "in order to prevent a retreat". The [REDACTED] during a March meeting in Peiping between 4th Field Army commander Lin Piao and 2nd Field Army commander Liu Po-cheng it was decided to send an additional three armies of Liu's 2nd Field Army to Korea. 2nd Field Army troops already in Korea are massed in the Kaesong area (northwest of Seoul) and have not yet been committed to battle.

25X1A COMMENT: It is believed that the "8th Army" referred to may be the "8th Army Group", elements of which are in Korea and at the time of this report were deployed in the rear of the front lines in a reserve capacity. 2nd Field Army unit's referred to are believed to be the 3rd Army Group, reported moving into Korea, and the 18th Army Group, tentatively accepted in Korea in the general area indicated.

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- "C" KOREA. Pyongyang Gives Unusual Emphasis to Soviet Aid. A Radio Pyongyang 15 April broadcast admitted "the Korean People have been receiving tremendous material aid from the Soviet Union. Even before the aggression by the American imperialists, the Soviet Union had been extending us tremendous moral and material support." --- "This international support means that the American and British imperialists are the enemy of the people." --- "Today, tremendous relief supplies, comfort kits and munitions are being received from all over the world ---." (R FBIS 17 Apr 51). COMMENT: On occasion Radio Pyongyang takes upon itself the task of thanking Hungary for its medical team and China for its "Volunteers." Soviet aid, however, is never spelled out although thanks are always rendered to the USSR. While the above message is still ambiguous in regard to Soviet assistance, it does place unusual emphasis on Soviet material assistance.
- "C" JAPAN. Communist Peace Ballot Activity. The "Over-all Peace Patriotic Movement Council", ostensibly representative of all Japanese "democratic" organizations but actually a Communist Front, is leading an intensified drive for an "over-all peace treaty ballot." Council goals, as announced on various occasions, vary from 40 to 70 million signatures. Party orders are believed to give this campaign first priority at this time. (S Fecom Daily Intelligence Summary, 27 March 51). COMMENT: Obviously the Communists hope to capitalize on general peace sentiment, as well as on the strong desire for neutrality still motivating the thinking of some Japanese. While, in terms of past successes with this type of campaign, the Communist goals are patently grandiose, the campaign may cost the conservative parties some votes in the local elections in late April.

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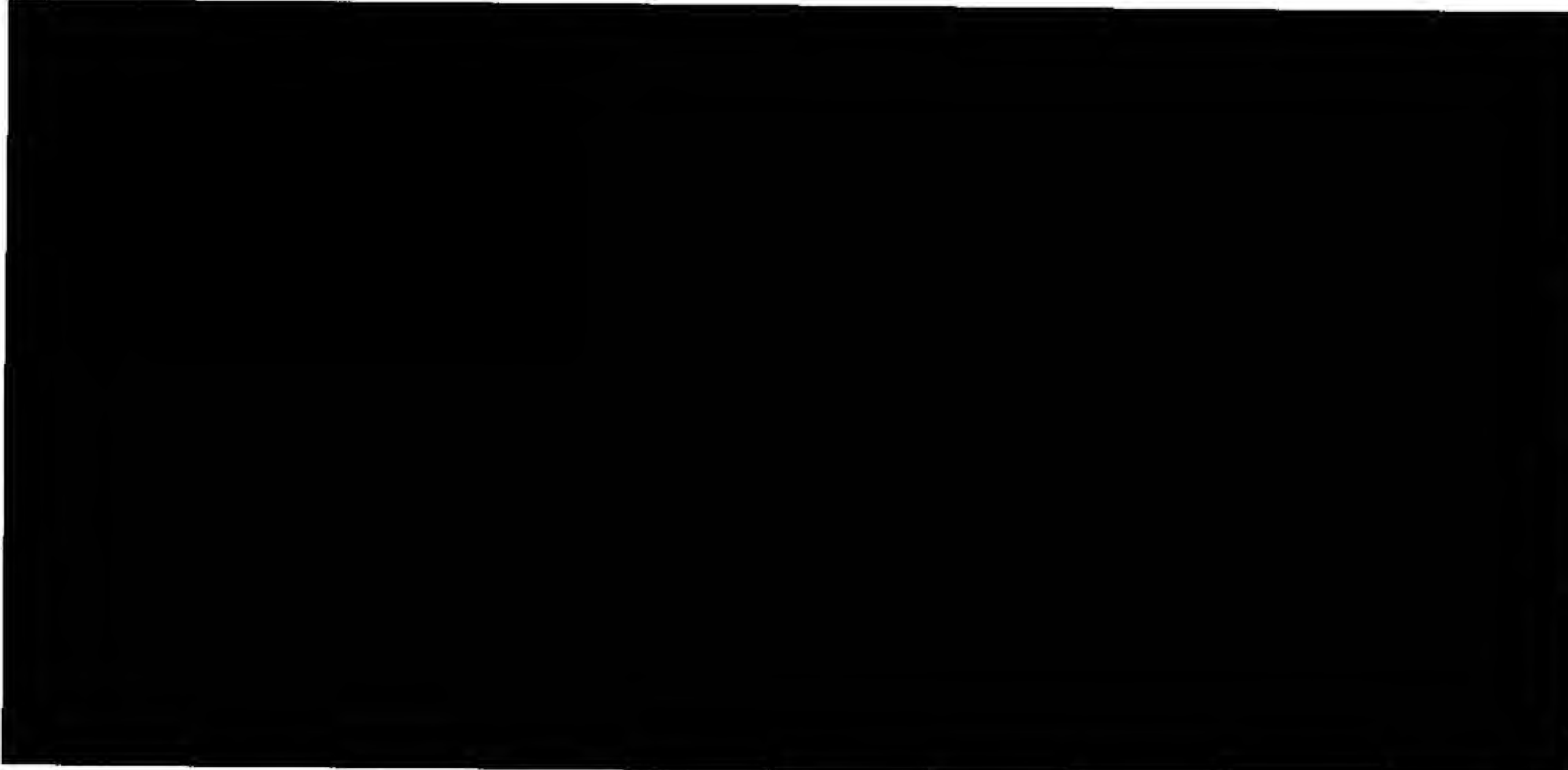


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SECTION 3 (WESTERN)

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Communist Success in Influencing Social Democrats to Support Anti-Remilitarization Campaign. US representatives in Frankfurt report that the Communist anti-remilitarization plebiscite drive is getting into high gear in west Germany and that at meetings of the "preparatory committees" which have been formed on all levels, there has been considerable Social Democratic (SPD) attendance. SPD leaders are reported to be seriously concerned at SPD rank and file participation in the Communist campaign. The Communist plebiscite drive has been particularly active in Rhineland-Palatinate, where it has so concerned the government that the Land cabinet has taken action against the circulation of plebiscite lists, and is seizing signature lists already collected. (S Frankfurt Telecon, 18 Apr 51). COMMENT: Popular lack of enthusiasm for German remilitarization continues to be subject to Communist exploitation. Although the extent of SPD participation in the Communist drive now appears greater than had been previously reported, it is not likely that non-Communist participation in the campaign is yet sufficiently large or well-organized as to constitute a major deterrent to government remilitarization planning.

"C"

FRANCE. French Retard Talks on Aid to Yugoslavia. There is a possibility that the tripartite (US-UK-France) discussions on economic aid to Yugoslavia--begun this week in London--will be somewhat delayed by the tactics of the inadequately staffed French delegation, which is requesting clarification of decisions made at technical talks to which the French were not invited. (C London 5477,

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17 Apr 51). COMMENT: French pique at their tardy entry into these discussions and perhaps resentment over their exclusion from the US-UK talks at Malta may help explain these working-level difficulties. French policy, however, as indicated by the recently concluded trade agreement with the Yugoslavs, is clearly favorable to close cooperation with and support of Yugoslavia.

"B" AUSTRIA. Austrians Concerned over Signs of Increasing Soviet Aggression. Minister of the Interior Helmer has informed US Legation Vienna of his fears that the USSR is quietly building up Soviet troop strength in Austria, and has cited a number of recent indications as proof of this build-up. Helmer is particularly disturbed, however, by the recent wave of Soviet abductions and is convinced that a "vigorous reaction" by the Austrian Government is required to prevent demoralization of the eastern zone population, including security forces. (S Vienna 2355, 17 Apr 51). COMMENT: Helmer's reports of Soviet troop build-up, some of which have not been confirmed, may be an attempt to alert US officials to the seriousness of the situation in which he finds himself vis-a-vis the Soviet occupation element as a result of his recent sweeping dismissal of Communists from the Austrian police force. Nevertheless, Austrian alarm over growing Soviet intransigence and its consequences for Austrian control of the eastern zone is sincere.

"C" SWITZERLAND. Swiss Unlikely to Increase Industrial Production Beyond Present Near Capacity Levels. Since last September Swiss industry has been steadily increasing production and today is running at fairly close to full capacity. This is particularly true in the machine and metal sectors and the textile industry. The length of time necessary for the delivery of orders has been steadily increasing as well. Lastly, the shortage of labor is becoming progressively greater, another indication of full production. (R Bern, ECA A-65, 14 Apr 51). COMMENT: Unless the Swiss divert their exports from Eastern Europe to the West or are assured large quantities of raw materials, it appears that Swiss contribution to Western rearmament will have definite limitations. The Swiss rearmament program will also limit the export of goods useful to Western European rearmament. It is doubtful that the Swiss will either modernize further or expand their capital plant at this time, because they fear that the present boom is temporary and are therefore unwilling to invest in plant expansion.

"B" PORTUGAL. President Carmona Dies. General Carmona, President of the Portuguese Republic, died on 18 April, after several weeks' illness. (U Lisbon 424, 18 Apr 51). COMMENT: The Portuguese Constitution provides that Prime Minister Salazar shall assume the powers of the President and requires that a new President be elected within 60 days. Although Salazar is the logical successor to Carmona, and his election to the office of President would not mean any lessening of his political

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power, it would have two effects which would be inimicable to Salazar's temperament: (1) delegation of greater administrative authority to his subordinates and (2) constant appearance in the public eye. He may, therefore, seek the Army's concurrence in nominating some other non-controversial figure, preferably a general. In any event, Carmona's death will bring to the forefront what is essentially the greatest problem in Portuguese political life, i.e., the question of succession to Salazar.

"B" DENMARK. Greenland Defense Agreement with US to be Submitted to Parliament. The Danes have indicated their intention to submit the proposed US-Danish agreement for the defense of Greenland to the Rigsdag when it reconvenes on 24 April. They do not plan to submit the actual technical schedule for the US operation of several airfields in northern and western Greenland, but they anticipate that the public will soon learn the basic fact that the United States is conducting such operations. Meanwhile, government circles are eager to announce that the agreement has been signed, in order to avoid newspaper speculation as to what may be delaying consummation of the agreement. (TS Copenhagen 863, 16 Apr 51). COMMENT: The Danish Government is very sensitive with respect to Greenland and desires to avoid anything which can be interpreted as meaning that Denmark is being subjected to American pressure or is relinquishing in any way Danish sovereignty over Greenland. This extreme caution on the Government's part is due partly to fear of providing grounds for Soviet protests and partly to a desire not to excite "neutrality" elements in Denmark.

"C" NORWAY. Government Offers to Settle Trade Debt to USSR. The Government has offered to pay in dollars its \$5.4 million trade debt to the USSR, hoping that settlement at this time would strengthen the Norwegian bargaining position in any future trade negotiations with the USSR. With the expiration of the old trade and payments agreement at the beginning of this year there is no reason for Norway to continue carrying the debt, for which the USSR can demand payment in gold or dollars at any time. The Soviets have not yet replied to the offer and are not likely to do so until they have further explored possibilities for new trading deals. The latest Soviet suggestion along this line is an informal offer to exchange this year 2,500 tons of manganese ore for 1,000 tons of Norwegian aluminum. (S Oslo Despatch 1460, 6 Apr 51). COMMENT: The Norwegians, who have kept the dollar equivalent of their trade debt in a special fund against a possible Soviet demand, wish not only to deprive the USSR of this potential bargaining lever, but also to obviate the risk of the dollar's being devalued in relation to gold.

"C" UNITED KINGDOM. Government Reassuring Public on Paris Talks. Minister of State for Foreign Affairs Kenneth Younger, speaking at a Labor Party

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meeting on 15 April, warned against impatience at the seeming lack of progress in the Deputy Foreign Ministers' Paris agenda talks. He explained that, while the Government earnestly desires a full conference, experience has taught the need for extreme care lest the Soviets capitalize upon a carelessly agreed agenda to their own propaganda advantage. (U London 5441, 16 Apr 51). COMMENT: In response to a strong public demand for a four power conference, the UK delegation at Paris has been somewhat more willing than the US or France to make concessions to the Soviet position on the agenda. Younger's exposition reflects the Government's effort to lessen this home front pressure, which has been especially strong among left wing segments of its own Labor Party.

"B" FRENCH MOROCCO: Rumored Renewal of Crisis Unverified. Press reports that Resident General Juin is seeking permission to depose the Sultan and that he has asked to remain in Morocco were not confirmed by the French Foreign Office. Juin has, in fact, informed the Foreign Minister that relations with the Sultan are now without tension. A Foreign Office official added, however, that although Juin is prepared to undertake his new duties as a commander of the European Army, he is not averse to rumors that his stay in Rabat may be extended because he wishes no lag between his departure and the installation of a successor. (C Paris 6274, 17 Apr 51). COMMENT: A NY Times article of 17 April reported emergency consultations in Paris concerning the deteriorating relations between France and the nationalists and Juin's request to remain in Rabat until 1 Dec 51. The failure of the Rabat Residency or the French Foreign Office to deny this dispatch lends credence to the belief that the article was French "inspired" because of (a) General Juin's dissatisfaction with the importance of his post in SHAPE, (b) his belief that any successor would yield to some of the nationalist demands, (c) his belief that North Africa is more important to French defense than Europe, and (d) his suspicions regarding US activities in Morocco. In view of the restrictions imposed on nationalist activity as well as the pressure of a French army in Morocco large enough to put down native disorders, it is not likely that the newly-formed nationalist alliance could foment an effective campaign in the near future.

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CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE  
DAILY DIGEST OF SIGNIFICANT S/S CABLES

18 April 1951

DEPUTY FOREIGN MINISTERS' MEETING

"C" UK Solidarity with West Emphasized. The United Kingdom, though still urging concessions to the Soviets, now may be willing as a last resort to accept a "split agenda" on the order for discussing reduction and level of armaments. Meanwhile, UK Ambassador Franks has been instructed to stress that once the Foreign Ministers met, the British would be just as firm as the French and the US. (S S/S Paris 5476, 16 Apr 51; S S/S Paris 6260, 17 Apr 51). COMMENT: While the UK representative, in response to pressure of public opinion, has placed greater emphasis than the US and French representatives on the convening of the Foreign Ministers' Conference - even at the price of agenda concessions - there are no indications that at the Conference itself the UK would fail to support its allies. A fundamental Soviet aim at the Deputies' Conference appears to be to divide the Western Powers, and the reported British reassurances to their Western partners reaffirm that they will not allow this, regardless of still unresolved issues.

SECTION 1 (SOVIET)

"A" POLAND. US Information Program Faces Elimination. The US Embassy Warsaw reports that the Polish Security Police have demanded under threat of serious reprisals that USIE's Polish librarian surrender a complete list of the library's patrons for an official investigation to begin on 18 April. The list of 839 borrowers includes many of Poland's outstanding professional, religious, scientific, and former political leaders who have maintained library membership as a means of continuing intellectual relations with the West. The Security Police agent who approached the Polish USIE librarian stated that the US information program in Poland would probably be completely eliminated within six months. The US Ambassador noted that if the list is turned over to the Security Police, the careers and possibly the lives of the individuals concerned would be placed in the gravest jeopardy. (S S/S Warsaw 816, 16 Apr 51). COMMENT: This is the most drastic step that the Polish Government has taken against USIE and indicates its intention of severing all intellectual and cultural contacts between Poland and the West. Since the first of the year, the Security Police have engaged in a sporadic, but ineffective, campaign of harassment against USIE patrons.

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SECTION 3 (WESTERN)

"C" CANADA. External Affairs Minister stresses Independence of Canadian Far Eastern Policy. In a recent press conference External Affairs Minister Pearson made off-the-record comments clarifying three different aspects of Canadian Far Eastern policy. In explanation of his much publicized Toronto speech of several days before on US-Canadian relations, Pearson stated that formerly Canada had feared that the UK would drag it into wars, but its worries now center on the US dragging Canada into a war in China. On the MacArthur dismissal Pearson refused to comment directly, even on an off-the-record basis, but did say he felt there was now a better chance for negotiating with the Chinese Communists. On the problem of Chinese participation in Japanese peace treaty negotiations, Pearson suggested the US-UK dilemma might be solved by inviting no Chinese government to sign but leaving the treaty open for subsequent signature by any participant in the Pacific war. (R S/S Ottawa 258, 13 Apr 51). COMMENT: Pearson probably felt that no comment on the MacArthur dismissal was necessary since Canadian sentiment for months past has been strongly anti-MacArthur. The suggestion on Chinese participation in the Japanese peace treaty is essentially the same as the solution worked out recently by the UK Foreign Office but not approved by the British Cabinet.

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